No. 17-1594

In the Supreme Court of the United States

RETURN MAIL, INC.,
Petitioner,

v.

UNITED STATES POSTAL SERVICE and UNITED STATES,
Respondents.

On Writ of Certiorari
to the United States Court of Appeals
for the Federal Circuit

REPLY BRIEF FOR PETITIONER

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REPLY BRIEF FOR PETITIONER

The term "person" in the review provisions of the Leahy-Smith America Invents Act (AIA) does not include the federal government, as demonstrated by the statute's text, structure, and purpose.

The government's sole textual argument is for "consistent usage," and is based on provisions in the AIA and the Patent Act where "person" applies to the government. But there are many other provisions in those statutes where "person" does not include the government. Congress thus used "person" according to the Dictionary Act, 1 U.S.C. § 1, and the Court's presumption that "person" does *not* include the government *except* when Congress provides an affirmative showing or statutory context to indicate the government is included. *See Vermont Agency of Nat. Res. v. U.S. ex rel. Stevens*, 529 U.S. 765, 780 (2000). This Court has applied that presumption for more than a century, regardless of whether the relevant statute would benefit or burden the government.

That federal agencies have been authorized to participate in *some* aspects of the patent system does not mean that they are authorized to participate in *all other* aspects. Congress has demarcated the government's role with textual clarity, not by implication. The few unremarked, unanalyzed agency statements and actions cited by the government warrant no deference. Indeed, Congress vested the Patent and Trademark Office with authority to issue, reexamine, and cancel patents as appropriate, and there is no need for other federal agencies to litigate post-issuance patent reviews.

The government's invocation of common-law estoppel does not demonstrate how Congress used "person" when it crafted the AIA, and its application would complicate litigation, contrary to the AIA's purpose. The government's concern about potential "asymmetries" does not account for the *sui generis* advantages it already enjoys within the patent system. And none of the government's arguments justifies setting aside the presumptive reading of "person," which does not include the government.

I. The Statutory Text and Context Do Not Support the Government's Strained Interpretation.

A. The Government's Invocation of "Consistent Usage" Is Self-Defeating.

1. The government cites scattered provisions of the AIA and the Patent Act to support its invocation of the adage that "identical words used in different parts of the same statute" will generally "have the same meaning." Br. 21 (quoting *Robers v. United States*, 134 S. Ct. 1854, 1857 (2014)). But Congress did not consistently use "person" in the AIA to include the government.

Rather, Congress used "person" according to the Dictionary Act and the Court's presumption: "person" does not include the government *except* when Congress has provided an affirmative showing or statutory context to indicate the government is included. *See* 1 U.S.C. § 1; *Vermont Agency of Nat. Res. v. U.S. ex rel. Stevens*, 529 U.S. 765, 780 (2000). Congress provided no such affirmative showing or context in the AIA review provisions at issue here.

The government points (Br. 18-19) to Sections 102, 118, and 119 of Title 35—which refer to "person[s]" in the context of patent ownership—and views them as guides for how to read "person" in the AIA review provisions. But, unlike the provisions governing AIA reviews, the Patent Act affirmatively states that "[e]ach Federal agency" is authorized to "apply for, obtain, and maintain patents." That textual authorization in Section 207(a)(1) is what determines the applicability of Sections 102, 118, and 119 to federal agencies as owners of patents.

The government similarly invokes (Br. 19-20) Sections 252, 307, 318, and 328 of Title 35, which use the term "person" in connection with an "intervening rights" defense against claims of unauthorized patent use. Here, too, Congress affirmatively indicated that the United States can invoke such a defense. When Congress first waived sovereign immunity for suits against the federal government for unauthorized use of patented inventions, it expressly provided: "[T]he United States may avail itself of any and all defenses, general or special, which might be pleaded by a defendant in an action for infringement." Act of June 25, 1910, ch. 423, 36 Stat. 851. The current version of the statute was reenacted as 28 U.S.C. § 1498(a) in 1948. Act of June 25, 1948, ch. 646, § 1, 62 Stat. 942. The Reviser's Note to Section 1498 specifies that earlier provisions "relating to [the] right of the United States to any general or special defense available to defendants in patent infringement suits," were "omitted as unnecessary," and that "[i]n the absence of statutory restriction, any defense available to a private party is equally available to the United States." 28 U.S.C. § 1498, Reviser's Note to 1948 Act. *See also*

Motorola, Inc. v. United States, 729 F.2d 765, 769 (Fed. Cir. 1984) (outlining history of Section 1498 defenses proviso).

By affirmatively authorizing the government to invoke "any and all defenses" in 1498(a) proceedings, Congress indicated that statutes establishing such defenses apply to the government. There is no analogous affirmative indication in the context of AIA reviews.

And when Congress authorized infringement suits against the States in federal court, it provided that such actions could be brought "by any person, including any governmental or nongovernmental entity." 35 U.S.C. § 296(a) (invalidated on unrelated grounds in *Fla. Prepaid Postsecondary Educ. Expense Bd. v. Coll. Sav. Bank*, 527 U.S. 627 (1999)). Section 296(a) again affirmatively indicated that "governmental" entities were included as "persons." Contrary to the suggestion in the government's brief (Br. 23-24), petitioner does not contend that Section 296(a) sets the *standard* for the expression of affirmative intent needed to overcome the presumptive meaning of "person." Rather, Section 296(a) provides an *example* of Congress's affirmative extension of "person" to include government entities, one that stands in stark contrast to the AIA review provisions, which contain no affirmative indication whatsoever.

2. The "consistent usage" canon does as much to undermine as to support the government's position because the AIA and Patent Act frequently use the term "person" not to include the federal government.

Several provisions in the AIA require that written settlement agreements "shall be made available only to Federal Government agencies on written request, or to any person on a showing of good cause." 35 U.S.C. § 317(b) (IPR proceedings), *id.* § 327(b) (PGR proceedings); *see also id.* § 135(e) (similar provision for derivation proceedings). In keeping with the Dictionary Act's definition and the presumptive meaning of "person," these statutory provisions do not include the federal government and no context affirmatively suggests otherwise. The government tries to read into the statutory text the modifier "other" before "person" (Br. 23 n.3), but there is no basis for that counter-textual reading. *See Kloeckner v. Solis*, 568 U.S. 41, 55 (2012) (declining to "rea[d] new words into the statute").

Section 257 also uses the term "person" when it provides that the Director of the Patent and Trademark Office (PTO) must keep confidential fraud referrals that the Director makes to the Attorney General "unless the United States charges a person with a criminal offense in connection with such referral." 35 U.S.C. § 257(e). Consistent with the Dictionary Act and the presumptive meaning of "person," that usage of "person" does not include the government. *Cf. United States v. Cooper Corp.*, 312 U.S. 600, 607 (1941) (because term appears in "phrase designating those liable criminally," "it is obvious that while . . . 'person' may well include a corporation it cannot embrace the United States").

The false marking provisions in Section 292 offer another illustration of the term "person" being used not to include the government. Section 292 provides that "[o]nly the United States" is permitted to sue "for

the penalty" authorized by statute, 35 U.S.C. § 292(a), but that "a person who has suffered a competitive injury" due to a false marking violation "may file a civil action in a district court of the United States for recovery of damages," *id.* § 292(b). The latter subsection, unlike the former, makes no reference to the federal government and offers no other indication that "person" includes the federal government.

And there are yet other usages of the term "person" in the AIA and the Patent Act where Congress, consistent with the Dictionary Act, provided context to indicate that only natural individuals are included. *See, e.g.*, 35 U.S.C. §§ 2(b)(11), 6(a), 100(h).

3. The government stresses that certain "person" provisions that appear to include the government were enacted "at the same time" as the provisions at issue here, a fact that under some circumstances could render the consistent usage approach "doubly appropriate." Br. 21 (quoting *Powerex Corp. v. Reliant Energy Servs., Inc.*, 551 U.S. 224, 232 (2007)). But the provisions cited by the government were not the *only* ones enacted simultaneously with the AIA's review provisions. Several provisions discussed above—including those using "person" to include private but not governmental entities, *see, e.g.*, 35 U.S.C. §§ 135(e), 317(b), 327(b), and to mean only natural individuals, *see, e.g.*, 35 U.S.C. §§ 2(b)(11), 6(a), 100(h)—were *also* enacted as part of the AIA. Indeed, some of these provisions are "part of the same chapters" (Resp. Br. 21) that created the AIA review proceedings. *See* 35 U.S.C. §§ 317(b), 327(b).

Thus, if the "consistent usage" canon were applied to "person" as used in the AIA, there is no sound reason why that presumption would operate to impose uniformity in favor of the government's expanded definition. Rather, that approach would confirm that, where there is no affirmative directive or context indicating Congress used "person" to include the federal government, then it is not included, as in the AIA review provisions.

4. The government's grab bag of statutory arguments also includes an attempt to reinterpret the Dictionary Act itself. Specifically, the government suggests that the Dictionary Act's definition of "person" may include federal agencies, noting that the "definition does not rule out the possibility that other entities may be covered." Br. 22. That conclusion would require a remarkable departure from longstanding precedent.

More than seventy years ago, this Court analyzed the Dictionary Act's predecessor statute and noted that "Congress [had] made express provision . . . for the term to extend to partnerships and corporations," but that "[t]he absence of any comparable provision extending the term to sovereign governments implies that Congress did not desire the term to extend to them." *United States v. United Mine Workers of Am.*, 330 U.S. 258, 275 (1947) (interpreting 1 U.S.C. § 1 (1946)). Subsequently, the Court has understood the government to be excluded from the reach of "person" in cases where the Dictionary Act is operative. *See Will v. Mich. Dep't of State Police*, 491 U.S. 58, 69-70 (1989); *Wilson v. Omaha Indian Tribe*, 442 U.S. 653,

666 (1979). Congress has at no point sought to alter that settled understanding.

This Court's consistent interpretation is backed by sound principles of statutory construction. Although the government invokes the canon that a list following the word "include" can "be illustrative rather than exhaustive," Resp. Br. 22 (quoting *Samantar v. Yousuf*, 560 U.S. 305, 317 (2010)), that argument disregards the phrase "as well as individuals," which follows the list and suggests that it is exhaustive. Moreover, the doctrine of *noscitur a sociis* can inform the understanding of the scope of a list because a "word may be known by the company it keeps." *Samantar*, 560 U.S. at 317 (citation and quotation marks omitted). Even assuming the Dictionary Act's list of "person[s]" were only illustrative, that list—which includes only individuals and private entities, *see* 1 U.S.C. § 1—strongly suggests that the government, a wholly different type of entity, is not included in the definition. *See* Scalia & Garner, READING LAW § 44, at 273-277 (2012) (discussing principle that "[t]he word person includes corporations and other entities, but not the sovereign," and citing the Dictionary Act's "person" definition throughout).

B. "Person" Is Presumed to Exclude the Government Regardless of Whether a Statute Imposes a Burden or Provides a Benefit.

1. The government attempts (Br. 32-39) to evade the presumption that excludes the government from the term "person," *see Vermont Agency*, 529 U.S. at 780-81, by suggesting that the presumption does not

apply where the statute in question would grant a benefit to the government.

Precedent provides no basis for that one-sided approach. For example, in *International Primate Protection League v. Administrators of Tulane Educational Fund*, 500 U.S. 72 (1991), the Court applied the presumption to exclude a federal agency from a beneficial procedural mechanism. The National Institutes of Health (NIH) argued that it was authorized to remove an action under 28 U.S.C. § 1442(a)(1), as a "person acting under" a federal officer. *Id.* at 79, 82. The Court rejected that argument because the NIH could not overcome the "hurdle" that "in common usage, the term 'person' does not include the sovereign." *Id.* at 82-83 (quoting *Will*, 491 U.S. at 64). Critically, the Court "doubt[ed]" that Congress "would have expressed [its] intent" to include federal agencies as persons "so obliquely." *Id.* at 82.

United States v. Cooper Corp., 312 U.S. 600 (1941), likewise applied the presumptive meaning of "person" to bar the federal government from invoking a beneficial statutory procedure. There the United States sought authority to bring suit for treble damages under the Sherman Act, which authorized such suits to be brought by "[a]ny person" injured by a violation. *Id.* at 604. The Court observed that "in common usage, the term 'person' does not include the sovereign," and that as a result, "statutes employing the phrase are ordinarily construed to exclude it." *Id.* The Court held that the United States was not a "person" who could seek treble damages, reasoning that if Congress

had intended "to include the United States, 'the ordinary dignities of speech would have led' to its mention by name." *Id.* at 606, 614.

The government incorrectly suggests (Br. 38) that *Cooper* was grounded in only two "rationales" that do not apply here. In addition to explicitly relying on the conventional meaning of "person," *Cooper* rested on several grounds of direct relevance here: a statutory definition of "person" that mirrored the Dictionary Act's, *id.* at 606-607; the existence of alternative remedies exclusively available to the federal government, *id.* at 607-610; and "judicial expression[s]" that treble damages could be sought "only by private suitors and not by the Government," even where those cases did not "presen[t] the exact question here involved," *id.* at 610-11; *see also* Pet. App. 23 (discussing this Court's opinions describing AIA petitioners as "private parties").

The Court also interpreted "person" to exclude the government from a beneficial statutory provision in *Davis v. Pringle*, 268 U.S. 315 (1925), rejecting the United States' argument that certain of its claims were entitled to priority because it was a "person" as used in a Bankruptcy Act provision governing "debts owing to any person." *Id.* at 317. Such an interpretation contradicted "the normal usages of speech," the Court reasoned, and it was "incredible" that "Congress should have intended to smuggle in a general preference by muffled words at the end." *Id.* at 318.

Indeed, as early as 1876, in *United States v. Fox*, 94 U.S. 315, the Court construed "person" to exclude the United States from a statutory benefit, ruling that

it was not a "person capable by law of holding real estate" because there was no "express definition" in the statute that would have extended "person" to include the United States. *Id.* at 321. The government suggests that *Fox* be distinguished because it involved a state rather than federal statute (*see* Resp. Br. 39), but that is not material here. The point that matters—and that the government overlooks—is that the presumptive meaning of "person" not to include the government applies even when it would deprive the federal government of a benefit.

2. The government's one-sided view runs contrary to the presumption's chief rationale. The Court has consistently grounded its presumptive reading of "person" in principles of "common usage." *Cooper*, 312 U.S. at 604; *see also United Mine Workers*, 330 U.S. at 275; *Wilson*, 442 U.S. at 667; *Will*, 491 U.S. at 64; *Davis*, 268 U.S. at 317-18 (relying on "normal usages of speech"). If it is "awkward," *Int'l Primate Prot. League*, 500 U.S. at 83, to describe the government as a "person," it is even more problematic to do so only sometimes, depending on whether the statute can be characterized as benefiting the government.

The government identifies (Br. 34-35) a handful of cases from the 1800s that endorsed an English common-law principle used to interpret acts of Parliament, and which operated only to benefit the Crown. Such a canon has not been applied to federal agencies, however, and for good reason. The English rule was considered relevant in the American context only to the extent that "the royal prerogatives as belonged to the King in his capacity of *parens patriae*, or universal trustee," also entered "into our political

state." *Dollar Sav. Bank v. United States*, 86 U.S. 227, 239 (1873); *see also Stanley v. Schwalby*, 147 U.S. 508, 516 (1893). As distinguished from the English monarch, a federal agency lacks any preexisting "prerogatives," and "has no power to act . . . unless and until Congress confers power upon it." *Louisiana Pub. Serv. Comm'n v. FCC*, 476 U.S. 355, 374 (1986). For this reason, the Court should "tak[e] seriously, and apply[] rigorously" all "statutory limits on agencies' authority," *City of Arlington v. FCC*, 569 U.S. 290, 307 (2013)—rather than adopt a rule that would enhance such power even when in conflict with a statute's ordinary meaning.

3. The two cases cited by the government (Br. 34) where "person" was held to include a governmental entity do not support a benefit-versus-burden distinction. Both cases considered the right to sue for treble damages under the antitrust laws, and both rested on a distinct concern that the sovereign entity in question would be stripped of the *sole* remedy for its injuries. There is no such concern at play here.

In *Georgia v. Evans*, 316 U.S. 159 (1942), the Court considered whether "person" as used in the Sherman Act's treble-damages provision might include the States, even though under *Cooper* the term did not include the federal government. Whereas in *Cooper* the federal government had other remedies exclusively provided to it by the statute, the issue in *Evans* was "whether no remedy whatever is open to a State when it is the immediate victim of a [Sherman Act] violation." *Id.* at 162. Having thus framed the issue, the Court extended the term "person" to include the

States in that context, reasoning that otherwise they would be denied "all redress." *Id.*

The Court applied similar reasoning in *Pfizer, Inc. v. Government of India*, 434 U.S. 308 (1978), holding that foreign nations were "person[s]" who may sue for treble damages under the Clayton Act. Relying on *Evans*, the Court emphasized that "[t]he antitrust laws provide no alternative remedies for foreign nations as they do for the United States." *Id.* at 318. The term "person" must be read to include foreign nations, the Court observed, because a contrary reading would "deny [them] all redress." *Id.* (quoting *Evans*, 316 U.S. at 162-163).

By contrast, the federal government has ample means for redress within the patent system. Congress created a unique venue and statutory scheme for the United States to defend against claims of unauthorized use and challenge the validity of patents in the Court of Federal Claims, *see* 28 U.S.C. §1498(a), where the federal government has a *sui generis* set of protections. *See infra* section III.C. Moreover, through the PTO, the government determines whether to issue a patent in the first place, *see* 35 U.S.C. §§ 131-132, and exercises robust authority to *sua sponte* reexamine and determine the validity of already issued patents, *see* 35 U.S.C. § 303(a). For these reasons, *Cooper* is operative here, not *Evans* or *Pfizer*.

4. The government devotes considerable discussion to *United States v. ICC*, 337 U.S. 426 (1949), but the Court there did *not* address whether "person" included the federal government. The United States'

authority to bring an ICC complaint in the first instance under 49 U.S.C. § 9 (1946)—including as a "person or persons" within that provision—was not challenged. And the United States did not seek judicial review as a "person adversely affected or aggrieved" under the APA, but rather under a provision specific to the ICC that did not implicate the term "person." *See ICC*, 337 U.S. at 432 & n.3. The Court *did* cite APA judicial review provisions, but only as indications of a "general legislative pattern of administrative and judicial relationships" that counseled against "administrative finality." *Id.* at 433-34 & n.4. And, although the Court upheld the government's right to challenge an ICC order in the face of a statutory provision requiring that the action be "brought . . . against the United States," 28 U.S.C. § 46, that holding was—much like *Evans* and *Pfizer*—grounded in a concern that otherwise it would be "impossible for the Government to press a just claim," *ICC*, 337 U.S. at 431, a concern not implicated here.

II. The Government's Historical Argument Is Not Supported by Congressional Usage or Agency Rationale.

A. Congress Has Demarcated the Government's Role in the Patent System with Textual Clarity, Not by Implication.

The government sketches (Br. 25-28) the history of Congress authorizing federal agencies to obtain patents and use patented inventions subject to payment of compensation. It infers from that history a rule that the federal government participates generally in all aspects of the patent system, such that the Court

should assume the government is included among the AIA review provisions absent any affirmative indication to that effect. Historical usage demonstrates just the opposite.

The contours of the federal government's participation in the patent system historically have been delineated through textual references to the government. Congress has *not* authorized federal agency participation generally in all aspects of the patent system by means of some overarching implication.

As the government indicates (Br. 25), Congress granted federal officers authority in the nineteenth century to obtain patents in the name of federal agencies. Congress granted that authority, however, through a statute conferring that right upon "any officer of the government," *see* Act of Mar. 3, 1883, ch. 143, 22 Stat. 625, rather than under the authority of the first Patent Act, which authorized issuing a patent "upon the petition of any person or persons," *see* Act of Apr. 10, 1790, ch. 7, § 1, 1 Stat. 109-110.

Similarly, in 1980, when Congress enacted the Bayh-Dole Act to address the scope of federal agency patent ownership and government-sponsored research, it did so through textual reference to federal agencies. Specifically, Congress authorized "[e]ach Federal agency" to "apply for, obtain, and maintain patents." 35 U.S.C. § 207(a)(1).[1]

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[1] Congress has also enacted several statutes over the years that authorize ownership of patents by particular agencies, naming them directly. *See, e.g.*, 42 U.S.C. § 2182 (permitting issuance of

And to address the federal government's use of patented inventions subject to payment of compensation, Congress demarcated the role of the federal government by name. *See supra* section I.A (describing enactment of 28 U.S.C. § 1498(a)).

B. The Meager Record of Unremarked, Unanalyzed PTO Action Does Not Warrant Deference.

1. The government cites two sections from the PTO's Manual of Patent Examining Procedure (MPEP) stating that "person" includes governmental entities as used in two statutory provisions related to ex parte reexamination. Br. 27-28 (citing MPEP §§ 2203, 2212). These MPEP statements are of negligible assistance because the MPEP self-avowedly "does not have the force of law or the force of the rules in Title 37 of the Code of Federal Regulations." *Id.* Under *United States v. Mead Corp.*, such informal agency guidance is "beyond the *Chevron* pale," 533 U.S. 218, 234 (2001).

Moreover, the government identifies no reasoning or analysis to explain the MPEP's statements, or even any recognition by the agency that there was an interpretive issue regarding the meaning of "person." Thus, the MPEP statements do not warrant even

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patents "to the [Atomic Energy] Commission . . . to be held by the Commission as the agent of and on behalf of the United States"); 51 U.S.C. § 20135(b)(2) (providing that "a patent therefor shall be issued to the United States upon application made by the Administrator [of NASA]").

Skidmore consideration. *See Skidmore v. Swift & Co.*, 323 U.S. 134, 140 (1944).

Indeed, the Federal Circuit has repeatedly declined to defer to the MPEP, and has criticized the validity of its interpretations. *See, e.g., Racing Strollers, Inc. v. TRI Indus., Inc.*, 878 F.2d 1418, 1422 (Fed. Cir. 1989) (en banc) (describing MPEP as "a looseleaf training and instruction manual for examiners" that contains "inconsistencies" and "does not have the force of law or [even] the force of the Patent Rules of Practice"); *see also EmeraChem Holdings, LLC v. Volkswagen Grp. of Am., Inc.*, 859 F.3d 1341, 1348 n.2 (Fed. Cir. 2017) (MPEP interpretation "does not control").

The government identifies no evidence that Congress was aware of the MPEP statements, further undermining their relevance, especially here, where a newly enacted (rather than reenacted) statute is at issue. *See Brown v. Gardner*, 513 U.S. 115, 121 (1994) (past agency practice "without significance," even where it was arguably endorsed through statutory *re*enactment) (citation omitted). In any event, it cannot be reasonably disputed that the Dictionary Act and this Court's presumptive meaning of "person" would be more familiar to Congress as a guide to word usage when drafting the AIA review provisions.

2. The government also asserts (Br. 16, 27-29) that federal agencies have "repeatedly invoked the various administrative mechanisms for revising the validity of issued patents," and that "historical practice" thus supports its reading with regard to the new AIA review provisions. But the government cites (Br. 28)

less than a half dozen instances over the course of decades, none of which is accompanied by any reasoning or analysis regarding the proper meaning of the term "person."

Nearly 14,000 requests for ex parte reexamination were filed with the PTO during the 39 years since those proceedings were established in 1980.[2] Yet the government identifies only three instances (including one from the procedural history of this case) in which a federal agency precipitated such a reexamination.[3]

There were approximately 2,000 requests for inter partes examination filed during the 13 years between the creation of those proceedings in 1999 and their elimination in 2012.[4] Yet the government identifies only a single instance in which a federal agency precipitated an inter partes reexamination.[5]

That paltry record falls well short of an established historical practice, let alone one that might support a counter-textual statutory reading. *Cf. United States*

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[2] USPTO, *Ex Parte Reexamination Filing Data - September 30, 2017*, https://www.uspto.gov/sites/default/files/documents/ex_parte_historical_stats_roll_up.pdf.

[3] *See* Br. 28-29 (citing Ex Parte Reexamination Nos. 90/006,429, 90/001,211 & 90/008,470).

[4] USPTO, *Inter Partes Reexamination Filing Data - September 30, 2017*, https://www.uspto.gov/sites/default/files/documents/inter_parte_historical_stats_roll_up.pdf.

[5] *See* Br. 28. Amici cite one additional instance of inter partes reexamination involving the government (No. 95/001,970), plus a handful of AIA reviews. Federal agency participation in AIA reviews post-dates enactment of the AIA and is not relevant to whether, at the time of enactment, Congress used "person" to include the government.

v. Midwest Oil Co., 236 U.S. 459, 470 (1915) (relying on 252 instances of executive action by Presidents across a period of 80 years when interpreting statute).

The infirmity in the government's argument goes beyond the numbers. The government does not point to any recognition by the PTO that the administrative matters cited involved an issue about the meaning of "person," much less any analysis of that issue. The matters therefore do not constitute precedent supporting the government's interpretation. *Cf. Steel Co. v. Citizens for a Better Env't*, 523 U.S. 83, 91 (1998) ("drive-by jurisdictional rulings . . . have no precedential effect"); *Webster v. Fall*, 266 U.S. 507, 510 (1925) ("Questions which merely lurk in the record, neither brought to the attention of the court nor ruled upon," do not "constitute precedents.").

Indeed, this handful of unexplained federal agency filings—when viewed next to the significant number of filings by private individuals and entities—undermines the government's position by demonstrating that post-issuance reviews are not a necessary tool for federal agencies.

III. The Government's Estoppel Argument Would Complicate Patent Litigation, Rather than Streamline It as Intended.

A. Congress designed the AIA's statutory estoppel to protect patent owners from having to relitigate the same issues against the same "person" who challenged their patent in an AIA review. The statute thus specifies that estoppel applies in district court and the International Trade Commission, but does not include the Court of Federal Claims, where actions

must be brought against the United States for unauthorized use of a patented invention. Congress's decision not to provide for statutory estoppel against the government reinforces the conclusion that the government is not a "person" who can petition for AIA reviews.

The government asserts (Br. 39-44) there is no reason to worry because common-law estoppel can apply against it in the Court of Federal Claims. Although common-law estoppel is narrower than the statutory estoppel, the government asserts that the discrepancy is not a problem because the federal government often is treated differently with respect to estoppel.

The government's invocation of common-law estoppel, however, has no bearing on how Congress used "person" when it enacted the AIA review provisions in 2011. The decision on which the government relies, in which a divided Court resolved an unsettled question about the estoppel effect of an administrative adjudication, post-dates enactment of the AIA by four years. Br. 41 (citing *B & B Hardware, Inc. v. Hargis Indus., Inc.*, 135 S. Ct. 1293 (2015)); *see id.* at 1310 (Thomas, J., dissenting) (point "was first announced in poorly supported dictum in a 1991 decision of this Court, and we have not applied it since"). Although Congress is presumed to "understan[d] the state of existing law when it legislates," *Bowen v. Massachusetts*, 487 U.S. 879, 896 (1988), Congress cannot legislate against a backdrop of future decisions.

Moreover, the government points to no indication that Congress expected that common-law estoppel might apply against "persons" pursuing AIA reviews,

let alone federal agencies. Given the considerable attention Congress paid to the AIA's statutory estoppel provisions, *see* Pet. Br. 35-38, it is implausible that Congress deliberately exempted a category of "persons" from that statutory estoppel on the unstated assumption that common-law estoppel principles would partially fill the gap.

B. As written by Congress, the statutory estoppel effect of AIA reviews is straightforward. Petitioners who challenge a patent in an AIA review are estopped from reasserting any grounds "raised" or (for IPR and PGR proceedings) grounds that "reasonably could have [been] raised" in the AIA review. 35 U.S.C. §§ 315(e)(2), 325(e)(2); AIA § 18(a)(1)(D), 125 Stat. at 330. That approach is consistent with Congress's purpose of "establish[ing] a more efficient and streamlined patent system" that would "limit unnecessary and counterproductive litigation costs." H.R. Rep. No. 112-98, at 40 (2011).

By contrast, the government's solution would complicate matters substantively and procedurally. It would introduce a different substantive standard because, under common-law estoppel, the government would be estopped in later court proceedings from reasserting an argument only if that argument had been "actually litigated and determined" in an earlier AIA review. *See* Restatement (Second) of Judgments § 27 (1982).

Procedurally, because common-law estoppel—unlike statutory estoppel—is subject to various exceptions (*see* Resp. Br. 42-43), the government's estoppel framework would bring with it attendant

litigation regarding the appropriateness of estoppel in each particular review.

And, of course, under the government's view, the scope of estoppel arising from a single AIA review would differ depending on whether a federal agency was defending in the Court of Federal Claims or pursuing another AIA review. *See* Resp. Br. 40 (stating that government would be bound by statutory estoppel before the PTO).

C. The government asserts that not allowing federal agencies to petition for AIA reviews would result in "severe asymmetries," because such reviews are available to other entities that wish to challenge patents. Br. 43. But that argument ignores "asymmetries" already present in the patent system, which provide the federal government with substantial advantages over private entities.

Congress provided that actions against the federal government for unauthorized use of a patented invention must be brought in the Court of Federal Claims under 28 U.S.C. § 1498(a), rather than in federal district court, where actions against private entities must be litigated. *See supra* section I.B. Section 1498(a) affords the government a host of substantive and procedural advantages, including that injunctions, jury trials, and enhanced damages are unavailable, unlike in suits against private entities. Attorney's fees and costs are circumscribed to a much greater degree than in district court litigation. *See generally Motorola*, 729 F.2d at 768 n.3; *Am. Innotek, Inc. v. United States*, 113 Fed. Cl. 668, 675 n.3 (2013); Chamber of Commerce Amicus Brief at 11-13.

The government's plea that agencies need access to AIA reviews is meritless. As noted above, the paucity of government-initiated administrative reviews over the past 39 years shows that there is not a need to treat the federal government as a "person" under the AIA review provisions. *See supra* section II.B. The government's position also wholly disregards the authority of the PTO, as the federal entity vested by Congress with the responsibility to examine and issue patents and to *sua sponte* reexamine and invalidate issued patents. *See supra* section I.B. The government's interpretation of "person" would usher in a new regime in which all federal agencies exercise a role in policing patent quality through administrative proceedings. *See* Br. 31-32. But there is no indication that Congress adopted this expansive view of federal agencies' role in the AIA scheme or saw any need for it; rather Congress assigned that role on behalf of the federal government to the PTO.

The government calls it "striking" that the U.S. Postal Service might be prevented from bringing AIA reviews because the agency "was designed 'to run more like a business' than other governmental entities." Br. 36-37. But the government fails to acknowledge the holding in *U.S. Postal Service v. Flamingo Industries (USA) Ltd.*, 540 U.S. 736 (2004), that the Postal Service is "part of the Government of the United States, not a market participant separate from it," *id.* at 747.

The government's interpretation would also upset the balance that Congress struck because an agency interested in invalidating a patent (*e.g.*, to avoid payment of compensation for unauthorized use) would not

have the same degree of concern about litigation costs or a need for quick and efficient resolution, and thus would not be similarly deterred from using AIA reviews "as tools for harassment" or "to prevent market entry through repeated litigation and administrative attacks." H.R. Rep. No. 112-98, at 40 (2011).

The U.S. Postal Service has been engaged for 12 years in efforts to avoid payment of compensation for unauthorized use of Return Mail's patent, after having negotiated with Return Mail to the brink of licensing. Pet. App. 161a-163a. The Postal Service spent nearly three years litigating the patent's validity, among other issues, in the Court of Federal Claims. It was after a significant victory there for Return Mail on claim construction issues that the Postal Service opened another avenue of challenge through this AIA review before the Patent Trial and Appeal Board. *See* Pet. Br. 10.

The Court should reject the government's countertextual reading, and decline to give the Postal Service a further bite at the apple while exempting it from the broad estoppel provisions of the AIA.

CONCLUSION

The judgment of the court of appeals should be reversed.

Respectfully submitted,

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